

U.S.-KOREA TRADE AGREEMENT

Georgia Farmers Will Benefit

December 2010

The U.S.-Korea Trade Agreement, known as the KORUS agreement, will immediately eliminate duties on nearly two-thirds of current U.S. agricultural exports to Korea and gives U.S. exporters improved access to the Korean market for many products that have been highly protected. The U.S. International Trade Commission estimates that annual U.S. agricultural exports to Korea will increase by a minimum of \$1.9 billion upon full implementation of the agreement.

The KORUS agreement eliminates tariffs and other barriers on most agricultural products, increasing export opportunities for a range of Georgia agricultural products, including poultry, and cotton. Georgia's agricultural exports to all countries, estimated at \$1.8 billion in 2009, supported about 14,400 jobs, on and off the farm. These export sales make an important contribution to the Georgia farm economy, which had total cash receipts of \$6.8 billion in 2009.

Poultry and Egg Products. With cash receipts of \$3.1 billion in 2009, broilers are Georgia's leading agricultural industry and account for 46 percent of total farm earnings. Egg production accounted for an additional \$469 million. Georgia is also the nation's largest exporter of poultry products with export sales totaling \$534 million in 2009. Among the KORUS agreement's benefits to Georgia's poultry and egg industry:

- Korea's tariffs of 18 to 27 percent on frozen leg quarters, frozen breasts and wings, and frozen turkey cuts, will be phased out in 7-12 years.
- As the number two market for U.S. egg products, Korean tariffs of 27 percent on egg products, including egg yolks, will be phased out in 12 equal annual reductions.

Cotton. Cotton is the state's second largest agricultural industry with cash receipts of \$473 million, or 7 percent of farm earnings, in 2009. Cotton and linters are the state's top export and rank second nationally with total exports to all countries of \$556 million.

- The KORUS agreement will lock in the duty-free access being enjoyed by U.S. cotton exporters. This permanent duty-free access will allow U.S. cotton exports to continue to compete on a level playing field with Korea's other trading partners.

Cattle and Beef. Georgia's cattle and calf industry account for four percent of state farm cash receipts with \$297 million in 2009. The KORUS agreement will provide many benefits to the beef industry.

- For beef muscle meats, the agreement provides a 15-year straight-line tariff phase out of the 40 percent tariff reaching duty-free access in Year 15.
- For beef offals and variety meats, the agreement provides a 15-year straight-line phase out of the 18 percent tariff reaching duty-free access in Year 15.

Vegetables and Vegetable Products. Georgia exports of fresh and processed vegetables were estimated to be \$65 million in 2009. Under the KORUS agreement:

- Tariffs on fresh cucumbers and canned and processed tomatoes will be eliminated immediately.

- Other products such as pickled cucumbers, carrots, lettuce, and sweet corn, with duties currently ranging from 30-45 percent, will have tariffs phased out in either 5 or 10 years.
- The current 27-percent tariff on most pulses (peas, beans, and other legumes) will be eliminated within 5 years, while the tariff for lentils will be removed within 10 years.

Selected Agricultural Product Exports For FY 2009 (Oct. 2008-Sept. 2009)		
Product	U.S. to World	Georgia to World
Poultry and Egg Products	\$4,850,000,000	\$534,000,000
Cotton	\$3,628,000,000	\$556,000,000
Cattle and Beef	\$6,703,000,000	\$27,000,000
Vegetables and Vegetable Products	\$5,279,000,000	\$65,000,000
Agricultural Total	\$96,632,000,000	\$1,841,000,000

Compiled by ERS using data from Census Bureau, Commerce and NASS.

Note: All State export figures used herein are estimated on a fiscal year basis (October-September) by USDA's Economic Research Service (ERS); all State cash receipt figures are compiled by USDA's National Agricultural Statistics Service (NASS) and ERS on a calendar year basis.

For questions about the U.S.-Korea Trade Agreement and its impact on U.S. agriculture, please contact FAS Legislative and Public Affairs at (202)720-7115 or LPA@fas.usda.gov.